

GEORGETOWN COMMUNITY SERVICES ASSOCIATION, INC.
BOARD OF DIRECTORS

MINUTES OF GENERAL MEETING
February 14, 2012

1. **CALL TO ORDER.** Mr. Lindsey called the General Meeting to order at 7:45. Mr. Warren Smith called roll with the following results:

Richard Lindsey	President	Present
Kenneth Corder	VP	Present
Warren Smith	Sec/Treasurer	Present
Robert Smith	Member	Absent, proxy to Mrs. Byers
Robin Byers	Member	Present
Butch Braddy	Member	Present
Renee Rabbitt	Member	Present
Barbara Rubin	Member	Present
John Thompson	Member	Present

2. **APPROVAL OF AGENDA.** Mr. Warren Smith motioned to approve the proposed agenda. Mr. Corder seconded the motion and the Board voted unanimously, including proxies, to approve the motion.

3. **APPROVAL OF MINUTES.** Mr. Warren Smith motioned to approve as written the minutes of the General Meeting of January 10, 2012. Mr. Corder seconded the motion. There was no additional discussion and the Board voted unanimously, including proxies, to approve the motion.

4. **COMMITTEE REPORTS**

a. **GENERAL MANAGER.** Mr. Odom called the attention of the Board to the general reports Provided for January, specifically: the Collection Office Report, Accounting Summary, Profit and Loss Report, and the January 31st Balance Sheet. Highlights of the reports are shown below.

Balances. As of January 31, 2012, CSA checking (operational account) totaled \$176,480.94. The total of CSA reserves (Vanguard Account plus First Chatham Accounts) is \$292,691.16. We have made a deposit of \$11,000 into reserves for January in accordance with the approved budget. Budgeted deposits into parcel reserves have been made as well. The grand total of CSA funds (CSA reserves plus operational checking) is \$469,172.10. The total of all GCSA accounts (including CDs) is \$720,733.88. Aggregate deposits on hand at each financial institution/program include:

Coastal CSA Checking	\$176,480.94	(does not count against FDIC coverage limit)
Coastal Parcel Checking	\$ 19,521.82	(does not count against FDIC coverage limit)
Coastal Parcel MM	\$102,476.06	
Coastal CD's	\$116,574.96	
Undeposited funds	\$ 12,988.94	
1st Chatham Checking	\$ 100.00	(does not count against FDIC coverage limit)
1 st Chatham CSA MM	\$277,549.63	
Vanguard	<u>\$ 15,041.53</u>	
Total:	\$720,733.88	

Income and Expenses. Total income for January was \$82,837.51 which was \$1,439.14 better than budget. Expenses for the month were \$63,060.94 which were \$7,573.84 lower than budget. A significant part of the legal budget/plan was not executed (\$3,184) and we realized significant savings in payroll and utilities. Net Income was \$19,776.57 and that was \$9,012.98 better than budget.

Capital Budget Execution:		Budget	Actual Cost	Difference
January:	Pool Equip Replacements	\$7,462	\$7,460	(-\$2)

Capital Budget Execution Summary	Annual Budget	Current Execution
Beginning Balance 1/1/12:	\$291,019	(+\$5,355.31)
(+) Planned Allotments/Deposits:	\$126,000	
(-) Planned Capital Expenditures:	\$ 66,842	(RS program = \$53,684)
Projected Reserve Balance 12/31/12:	\$350,177	(includes \$118,039 in unprogrammed reserves)

Past Due Accounts. The number of past due accounts went down in January from 265 to 240, and the dollar amount decreased from \$287,418.79 to \$268,062.94. The number of accounts 31-60 days old declined from 40 to 23, and the dollar amount dropped from \$16,437.36 to \$4,571.00. The amounts 61-90 days past due rose from 26 to 35, but the dollar value fell from \$8,766.60 to \$7,420.04. Accounts over 90 days in arrears declined from 199 to 182, and from \$262,214.83 to \$256,071.90, respectively. In January, we issued 81 first and second letters (combined), 17 new or updated liens, and 15 law suits. We received 41 payments (of \$200 or more) for past due amounts totaling \$15,379.11. 25 of our accounts are in bankruptcy, with \$19,837.74 owed pre-bankruptcy, and \$23,663.67 in post-bankruptcy owed. The total amount in bankruptcy is \$43,501.41. The attached report summarizes the status of accounts that the Board approved special payments.

Repairs and Scheduled Projects:

- **Maintenance Building Water Project:** The encroachment permit fee and construction bond have been paid to the County, and the permit has been received. The water-tap fees and meter installation charges have been paid to the City. Meter installation began February 8th. Our contractor work will commence by the end of the month and should take approximately 21 days to complete.

- **Replacement of Fencing on west side of Pool Bldg:** \$1000 was budgeted in January to repair this section of fencing. When bids came in over this amount, the work was brought in house. Materials purchased totaled approximately \$525.

ARB Appeal by Sophia Davis: As decided last meeting, a consent order has been drafted and signed which gives Ms. Davis 90 days to re-paint her house.

GA Power Easement Work: Tidewater Landscaping has installed the plants called for in the contract. Mr. James Scholl from Hussey, Gay, Bell and DeYoung met with me on site on the 26th and came up with a punch list of issues for Tidewater to correct. As of February 10th, progress has been made, but there are several issues remaining. The plants lack water and are wilting because Tidewater did not previously install the watering bags called for in the contract. There are also questions

regarding the quality of the soil used in the plantings. Final 50% payment is being withheld until issues are resolved.

Social Network Meeting: The social was held on Friday, February 3rd at 7:00 p.m. Unfortunately, only a couple of people showed up.

Reserve Study Update: The GM met with Mr. Tim Rohrmoser on-line on Friday, February 3rd to review and confirm changes to the asset list, repair schedule, and reserve deposit totals for CSA and all 5 town home communities. A revised Reserve Study was provided. Assuming Board approval, changes to recommended reserve (savings) allocations will begin in January of 2013 and will be factored into the budgets for that year and beyond. This issue will be discussed in more detail later in this meeting.

Status of GCSA Insurance Bid: As briefed at the last meeting, our insurance expires on February 29th and AutoOwners has declined to renew portions of our coverage. Our broker, Jackson Sherrill, obtained quotes from other companies and met with the GM today to discuss them. A summary is attached. Mr. Sherrill also provided applications for eligible employees to fill out regarding group health insurance.

Status of Petition to Change GTP Covenants regarding Loss Assessment Insurance: To date, we have received 9 of 66 potential responses (14%). For the change to be enacted, 75% of owners (50 total) must respond in the affirmative. There is no specific due date on this initiative.

Damage to Wexford Sign Lighting: The ground-mounted lighting on the north side of the Wexford sign was run over and crushed. While attempting to replace the light, the maintenance staff noted that current was leaking through the lines even though the breaker was turned off. We immediately called in an electrician to check it out. He concluded that current was bleeding into the “neutral” wire from an unknown source. He also pointed to a strange wire leading into the electric meter and stated that he did not have authority to go into the meter to check it out...and that we would have to call in Georgia Power Company. The next day, we called in GP who did not find anything conclusive, but concluded that the problem was somewhere outside of the meter—so there was nothing they could or would do to fix it. Troubleshooting is still ongoing. Wires have been capped off and covered to reduce accidental shocking. The light continues to be out during the interim. We may end up needing to replace all underground cables and the breaker box.

Repair of fencing at the end of Bristlecone Drive. Vandals broke and partially removed the split-rail fencing at the cul-de-sac. According to neighbors, the damage was done by owners of ATVs who wanted access to the Bristlecone Lagoon area and the adjacent wooded common area. We replaced the split-rail fence with a stronger 2-slat fence connected to 6x6's with lag bolts. Cost was approximately \$280.

At the end of the briefing, Mr. Warren Smith asked how many man-hours the staff spent on installing the fence by the Pool Building. Mr. Odom replied: 32. Mr. Smith went on to ask who signed the contract with Tidewater for the Northside landscaping. Mr. Gerard responded that we/the Association did. Mr. Smith expressed concern about the fact that Tidewater left the water bags off the newly installed trees as reported by Mr. Odom. Mr. Odom replied that this was one of several deficiencies Tidewater had been made aware of, and that the final 50% payment would be withheld until they were corrected. Mr. Smith asked why the turnout for the Social Network event was so low. Mr. Odom responded that it could be the time of day that was chosen. He added that we had significantly more

people coming when the event was in the morning—but that we were trying to reach more people by holding at least one event in the evening. Mr. Smith concluded by recommending we ask GA Power Company to explain the strange wire leading into the electric meter at the Wexford Entrance...it could be someone trying to steal power.

b. **SECRETARY/TREASURER.** Mr. Smith stated that he had reviewed the financial statements and noted with pleasure that we are accruing capital after taking care of some needed repairs and replacements over the past few years. He recommended that we take a look at the reserves in the Vanguard account and consider moving the money to a local bank where we can earn a little more interest. He concluded by saying that we're in good shape, financially, and he wants to keep us moving forward.

c. **ARB.** The ARB Inspector, Mr. Yardman, reported on the results of the Architectural Review Board meeting of January 17th and February 7th. During those meetings, the ARB approved 1 utility shed and 1 color change. He also provided the following inspection statistics for the month of January:

Total new violations	224	YTD	224
Total violations repaired	254	YTD	254
Hang Tags issued	64	YTD	64
Letters mailed	207	YTD	207
Issues referred to GM or attorney	60	YTD	60

d. **PARCEL REPRESENTATIVE.** No report

5. UNFINISHED BUSINESS.

a. **Georgetown Place New Infrastructure.** At the request of the President, Mr. Odom updated the Board regarding survey forms solicited and received since the last meeting. According to Mr. Odom, Major Medvegy of GTP Unit 50 volunteered to canvass the remaining on-site owners. He was only able to obtain one additional survey. Meanwhile, the office received one other survey. Mr. Odom added that we have now received 31 of 66 possible responses and 65% indicated a desire to close the New Infrastructure Account and to credit the owner's accounts with the proceeds (approximately \$361.36 each). No more than 7 indicated a desire to execute any other specified projects. Mr. Odom closed by saying that if the account is closed and the assessments are diverted to reserves, Georgetown Place's future repairs and replacements are fully funded for 50 years with only a modest 1.5% annual escalator applied. At the end of the briefing, Mr. Warren Smith motioned to approve closing the account, crediting each GTP owner's account by \$361.36, but continue the assessment and divert the proceeds into GTP reserves. Mr. Corder seconded the motion. There was general discussion regarding member notification. The Board voted unanimously, including proxies, to approve the motion.

6. NEW BUSINESS

a. **Lagoon Survey and Engineering Services Contract.** At the request of the President, Mr. Odom briefed the Board on a proposal to award the contract for lagoon surveying and engineering to Coastal Constructive Innovations, LLC. According to Mr. Odom, 4 regional companies were solicited after confirming that each had all of the requisite insurance—an issue that he said had caused problems with earlier solicitations. After a bidder's conference and several company site visits, the Association received 2 bids...one from Hussey, Gay, Bell and DeYoung (HGBD) and one from Coastal

Constructive Innovations (CCI). Mr. Odom stated that both companies have a good track record of customer service and have the needed skill sets for this project. CCI will be using Thomas and Reel Engineering and Yarn Land Surveying LLC as subcontractors. Mr. Odom added that both companies require phased payments after specific actions are completed and documents are delivered. He went on to say that CCI has successfully several other major projects for the Association, and that HGBD is doing a good job so far on overseeing the Northside Clubhouse landscaping project in conjunction with the recent easement sale. Mr. Odom stated that appear to be qualified, but he recommended accepting CCI's bid which was the lowest by approximately \$1300. At the end of the briefing, Mr. Corder motioned to approve the contract award to CCI and authorize up to \$17,000 (including contingencies) to complete the project. Mr. Braddy seconded the motion. There was no further discussion and the Board voted unanimously, including proxies, to approve the motion.

b. New Account at The Savannah Bank. At the request of the President, Mr. Odom briefed the Board on a proposal to establish new reserve accounts at The Savannah Bank. According to Mr. Odom, we currently have \$277,549 in our reserve account at First Chatham Bank and that FDIC only provided coverage to \$250,000. He went on to say that The Savannah Bank was the highest rated local bank based on the results of recent federal reviews. He concluded by recommending that we establish a business checking account (\$100) and a money market account, which would also allow us to purchase CDs. He also recommended that we deposit into these accounts \$45,000 from CSA reserves at First Chatham and \$80,000 in excess checking at The Coastal Bank for a total of \$125,000. At the end of the briefing, Mr. Corder motioned to approve Mr. Odom's recommendations. Ms. Rubin seconded the motion. During discussion, Mr. Warren Smith added that The Savannah Bank is a very good local bank and that the Association would benefit from having a relationship with another local bank. Mr. Lindsey stated that he agreed. At the end of discussion, the Board voted unanimously, including proxies, to approve the motion.

c. 2012 Reserve Study Update. At the request of the President, Mr. Odom briefed the Board on a proposal to approve and implement certain changes to the Reserve Study. Mr. Warren Smith motioned to table the issue until the next meeting to allow Board members additional time to consider the recommended changes. Mr. Braddy seconded the motion. There was no further discussion and the Board voted unanimously, including proxies, to approve the motion.

d. Insurance Policy Update. At the request of the President, Mr. Odom briefed the Board on the status of our insurance renewal for 2012. According to Odom, 10 of 12 companies declined to provide quotes on major portions of our insurance, i.e., property/casualty, general liability, and "directors and officers". He said that most A-grade insurance companies have discontinued offering property coverage for commercial entities within 10 miles of the coast. He went on to say that those who still offer it have increased the deductible amounts and have added a 2% deductible for damages resulting from a "named storm." Only one company (Central Insurance) provided quotes on each type of coverage we required, and they wanted \$36,655 which is 73% more than we paid AutoOwners last year. AutoOwners is willing to renew the non-property/casualty portions of our coverage at rates that are better than any of the competitors. Lloyds of London (syndicate) is willing to provide the property/casualty coverage for \$9800/year, but our standard deductible would rise from \$1000 to \$2500 (the new industry norm) and would add a 2% named-storm deductible. This hybrid policy would potentially save a few thousand dollars over the course of the year. However, to achieve most of these savings, we may have to pay the full premium up front which would cause a major deficit in the Profit & Loss Statement for that month. While we expect that AutoOwners will continue to offer a fairly low-fee extended payment plan, Lloyds is expected to charge a higher fee for their portion. Mr. Odom concluded by recommending the Board approve accepting the policies by Lloyds of London and AutoOwners and that he be allowed the option to pay the premiums in full. At the end of the briefing, Mr. Warren Smith motioned to approve the General Manager's recommendations to accept the policies and pay in full. Mrs. Byers seconded the motion. During discussion, Mr. Warren Smith discussed the

possibility of self-insuring the operation and asked the General Manager to look into it. Mr. Odom agreed to do so and report back. At the end of discussion, the Board voted unanimously, including proxies, to approve the motion.

e. **2012 Capital Budget Update.** At the request of the President, Mr. Odom briefed the Board on a proposed update to the 2012 Capital Budget. According to Mr. Odom, the 4 changes included: (1) adjusting the allowance for Lagoon Survey/Engineering to \$18,000; (2) Adding \$22,800 for actual dredging operations based on estimates recently obtained from the engineer who developed our reserve study; (3) increasing the budget for the Maintenance Building Water Project to \$15,600 in light of the Board vote last meeting; and (4) deleting \$1400 for water meter installation since that was covered with operational funds at the end of 2011. Mr. Odom stated that the new total for the budget would be \$89,342. At the end of the briefing, Mr. Warren Smith motioned to approve the proposed amendment to the Capital Budget for 2012. Mr. Braddy seconded the motion. There was no further discussion and the Board voted unanimously, including proxies, to approve the motion.

7. OPEN DISCUSSION.

a. Mrs. Byers asked if the reason the flood insurance for the Northside Clubhouse was so much higher than the other properties was that it was in a flood zone. Mr. Odom replied that she was correct.

8. ADJOURNMENT OF GENERAL MEETING. At 9:20 p.m., Mrs. Rabbitt motioned to adjourn the General Meeting. Mr. Warren Smith seconded the motion and the Board voted unanimously, including proxies, to approve it.